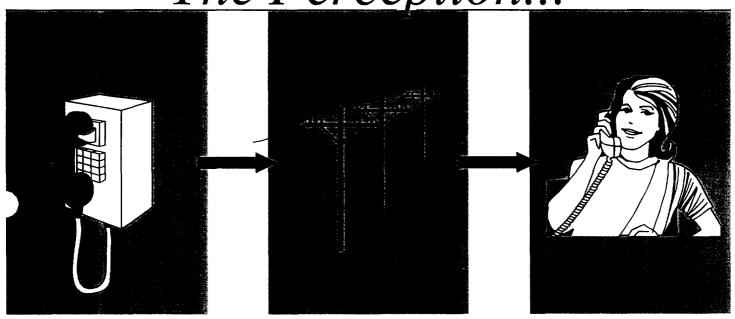
INMATE CALLING SYSTEMS

The Perception...

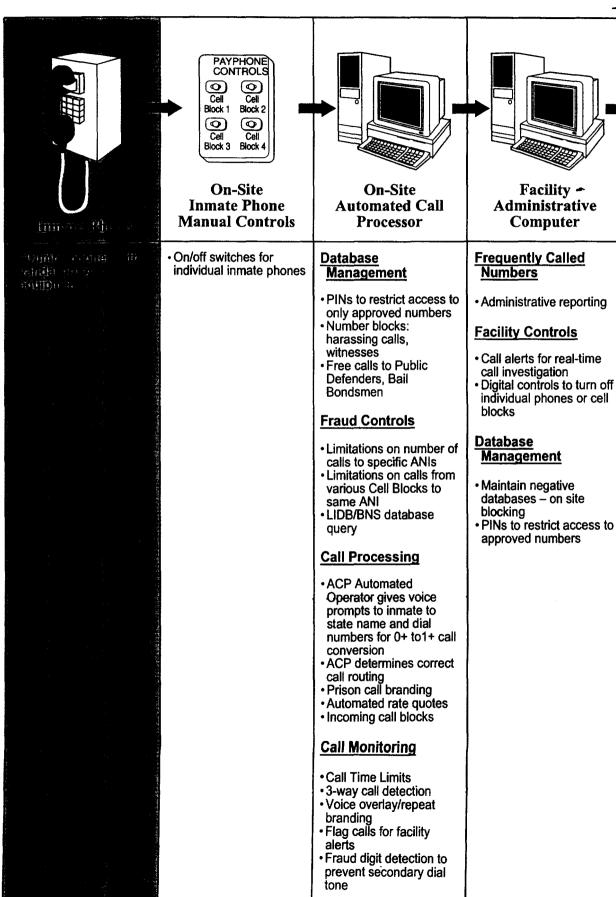


Inmate Phone

Local Exchange Company

Called Party

The h



- individual phones or cell
- Real-time monitoring of inmate conversations

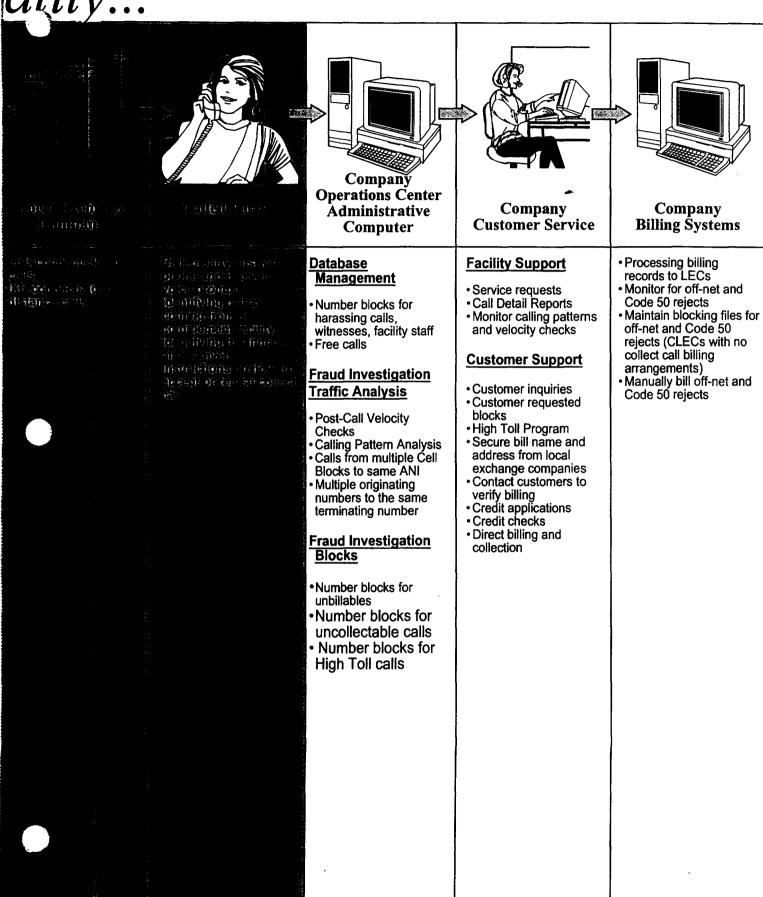
On-Site Recording

and Monitoring

System

- Recording and playback of inmate conversations
- Recording and monitoring selectable by PIN, phone number, Cell Block
- Full time, full channel recordina

<u>ality...</u>



INMATE SERVICE FEE - 12 Minute Local Call COST ANALYSIS

		Pa	y Phone	li	nmate
VARIABLES	1	Local	Collect Call	Local	Collect Call
Local Service Charges	2	\$	52.53	\$	64.05
Flex-ANI Charge		\$	1.08	\$	1.08
Number of Calls			439		268
Billing & Collection Fees	3	\$	0.18	\$	0.18
Maintenance		\$	18.90	\$	24.12
Equipment Depreciation		\$	12.73	\$	29.48
Overhead Total		\$	19.62	\$	59.96
Return (profit)	4	\$	15.31	\$	22.10
Commission %	5		30%		30%
Unbillables %	6		0%		5%
Uncollectibles %	7		2%		14%
Tax					

		(1) Pay Phone		(2) Inmate		Cost Differential	
		Local Collect	Call	Loca	al Collect Call	U	Col 2- Col 1)
Local Service Charges	8	\$ 0	.122	\$	0.243	\$	0.121
Billing & Collection Fees		\$ 0	.180	\$	0.180	\$	-
Validation	9	\$ 0	.113	\$	0.170	\$	0.057
Maintenance & Repairs		\$ 0	.043	\$	0.090	\$	0.047
Equipment Depreciation		\$ 0	.029	\$	0.110	\$	0.081
Overhead		\$ 0	.045	\$	0.224	\$	0.179
Return (profit)		\$ 0	.035	<u>\$</u>	0.082	\$	0.048
Total Costs		\$ 0	.567	\$	1.099	\$	0.532
Commission @ 30%		\$ 0.	.254	\$	0.647	\$	0.393
Unbillables/Uncollectibles @ 19%		\$ 0	.025	\$	0.410	\$	0.384
TOTAL		\$ 0	.846	\$	2.155	\$	1.309

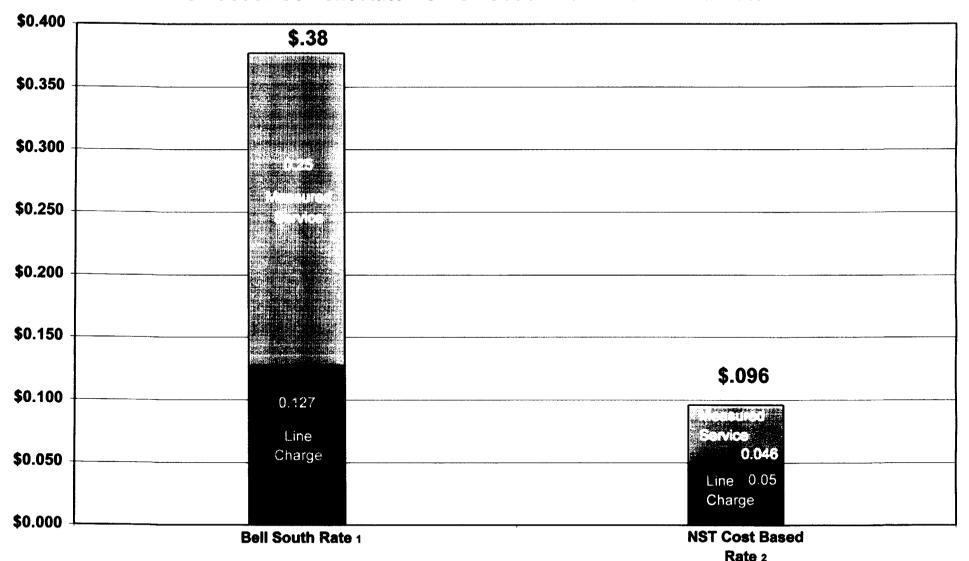
FOOTNOTES:

- 1) Except where indicated, average figures for payphone services are taken from the FCC's Third Report and Order, and average figures for inmate services are taken from prior Coalition filings
- 2) Local service charges for payphone services include usage charges as estimated by the RBOC/GTE/SNET Coalition. Local service charges for inmate services are estimated based on analysis of ILEC tariffs in the 13 states w/ the lowest local collect call rates.
- 3) Estimate based on review of LEC and clearinghouse fees
- 4) Payphone returns calculated at 11% and inmate returns at 15%
- 5) Commission % for payphone services is assumed to be equal to commission % for inmate services
- 6) Unbillables for payphone services are estimated to be negligible. Estimated unbillables for inmate services have increased from 3% to 5% since previous Commission filings
- 7) Uncollectibles for payphone services are based on estimate provided by clearinghouse
- 8) Flex ANI fees are included in Local Service Charge per-call calculations
- 9) Validation estimates based on estimated call completion ratios for payphone services and inmate services

EXPLANATION NOTES: INMATE SERVICE FEE COST ANALYSIS

- A. (Footnote 2) Local Service Charges are based on an actual average of Local Exchange Carrier fees for a payphone line, including (but not limited to) basic line charges, End User Common Line Charge (EUCL), Primary Interexchange Carrier Charges (PICC), blocking and screening, Relay (TRS) and 911 fees. The charges for the "Local Inmate Call" chart include charges incurred for Local Measured Service.
- B. (Footnote 3) Industry statistics show that for each inmate collect call that is actually "answered and accepted", there is also one call that is "answered and not accepted". "Answered and not accepted" normally means that the call was answered by an answering machine, triggering the automated system to consider the call answered, thus delivering the automated message announcing the call and asking for positive acceptance. Since an answering machine cannot positively accept the call, the system will "time out" and disconnect the call. These calls are not billed to the consumer. The inmate service provider is still billed for the first minute increment by its long distance carrier. This means that on average, the provider is billed one additional minute for a separate call per call that is actually answered and accepted.
- C. (Footnote 4) Billing and Collection Fees estimates are based on a review of current fees charged by LECs and clearinghouses. Charges include "bill rendering fees" (charge for including records in LEC customer's bill, regardless of number of records) and "per message fees", which are based on the number of records for each customer's bill, and clearinghouse fees where applicable.
- D. (Equipment Depreciation) Figure based on an average of \$1,768 in equipment expense per line depreciated over 5 years. (Inmate: \$1,768 / 60 months = \$29.48 per month). This monthly figure is further divided by the number of inmate calls per line.
- E. (Overhead Total) Overhead is based on industry averages and includes all traditional overhead items, plus the cost of such support items as database management, fraud investigation and traffic analysis, fraud investigation blocking, facility support, customer support, and billing and collection support that is inherent and required in the inmate service provider environment.
- F. (Validation) All calls are "validated" through the Line Information Data Base (LIDB) to ensure that the number is billable. Each call is validated prior to the call being dialed from the inmate equipment. This means that each attempt is validated, regardless of the outcome of the call. Industry statistics show that for each call that is "answered and accepted" (as in B. above), there is one call "answered and not accepted (or rejected)", and one call that reaches a busy signal or a no answer. This means that for each call that is successfully completed and billed, there are on average 3 separate validations.
- G. (Return/profit) Return/profit is calculated as an annual percentage "return on investment". In the case of the inmate example, the "equipment expense per line" of \$1,768 is multiplied by 15% to arrive at an "annual return" amount (\$1,768 x 15% = \$268.20). This annual return is then divided by 12 to arrive at a monthly return figure (\$268.20 / 12 = \$22.10).

NORTH CAROLINA 12 Minute Daytime Local Collect Call Bell South Current Rate VS Bell South NST Cost Based Rate



¹ Line Charge: Line Rate, EUCL, and PICC (\$21.70 + \$8.17 + \$4.31 = \$34.18/268 calls = \$.127). Measured Service: \$0.03 first minute plus \$0.02 for each additional minute. \$0.25 for 12 minute call.

² Bell South cost data submitted in North Carolina proceeding (CCB/CPD No. 99-27) including Direct Costs, Indirect Costs and a reasonable allocation for overhead (25%). Line cost: \$13.51/268 = \$0.05 per call

Per Minute Cost: \$0.0038 x 12 minutes = \$0.046 per call.

Pay Tel Communications Jail Clients With an Average Daily Populations (ADP) of Less Than 60 Inmates

Confinement Facility	City	STATE	ADP
Tyrrell County Jail	Columbia	NC	2
Hyde County Jail	Swan Quarter	NC	4
Jones County Jail	Trenton	NC	4
Clay County Jail	Hayesville	NC	6
Yancey County Jail	Burnsville	NC	6
Greer City Jail	Greer	SC	8
Ashe County Jail	Jefferson	NC	17
Clifton Forge City Jail	Clifton Forge	VA	18
Currituck County Jail	Currituck	NC	19
Washington County Jail	Plymouth	NC	19
Alleghany County Jail	Covington	VA	20
Guilford Juvenile Detention Ctr.	Greensboro	NC	21
Polk County Jail	Columbus	NC	23
Chowan County Jail	Edenton	NC	24
Greene County Jail	Snow Hill	NC	25
Yadkin County Jail	Yadkinville	NC	25
Alexander County Jail	Taylorsville	NC	28
Alleghany County Jail	Sparta	NC	30
Pamlico County Jail	Bayboro	NC	30
Davie County Jail	Mocksville	NC	31
Smith County Jail	Carthage	TN	34
Caswell County Jail	Yanceyville	NC	35
Page County Jail	Luray	VA	35
Warren County Jail	Warrenton	NC	36
Chatham County Jail	Pittsboro	NC	38
Lincoln County Jail	Lincolnton	NC	47
Stokes County Jail	Danbury	NC	49
Botetourt County Jail	Fincastle	VA	50
Warren County Jail	Front Royal	VA	50
Wilkes County Jail	Wilkesboro	NC	53
Person County Jail	Roxboro	NC	55

Unless "Fair Compensation" is Mandated for Local Collect Calls, Inmate Phone Service Cannot Be Provided Profitably to The Facilities Listed Above

INMATE SERVICE FEE - 12 Minute Intra/Inter-LATA Call COST ANALYSIS - NC, SC, TN

	Pi	ay Phone	i.	nmate
VARIABLES	1 InterLA	TA Collect Call	InterLAT	A Collect Call
Local Service Charges	² \$	31.00	\$	35.51
Flex-ANI Charge	\$	1.08	\$	1.08
Long Distance Charges (per call)	³ \$	0.32	\$	1.04
Number of Calls		439		268
Billing & Collection Fees	⁴ \$	0.18	\$	0.18
Maintenance .	\$	18.90	\$	24.12
Equipment Depreciation	\$	12.73	\$	29.48
Overhead Total	\$	19.62	\$	59.96
Return (profit)	⁵ \$	15.31	\$	22.24
Commission %	6	30%		30%
Unbillables %	7	0%		5%
Uncollectibles %		2%		14%
USF Contribution %				
Taxes				

		(1) Pay Phone Interstate Collect Cal	Inte	(2) Inmate		t Differential
Local Service Charges	9	\$ 0.073		0.137	s	0.063
Long Distance Charges		\$ 0.320		1.040	S	0.720
Billing & Collection Fees		\$ 0.180	S	0.180	S	_
Validation	10				\$	0.057
Maintenance & Repairs		\$ 0.043	S	0.090	\$	0.047
Equipment Depreciation		\$ 0.029	\$	0.110	\$	0.081
Overhead		\$ 0.045	\$	0.224	\$	0.179
Return (profit)		\$ 0.035	<u>\$</u>	0.083	\$	0.048
Total Costs		\$ 0.838	<u>\$</u>	2.033	\$	1.196
Commission @ 30%		\$ 0.447	\$	1.196	\$	0.749
Unbillables/Uncollectibles @ 2%/19%		\$ 0.030	\$	0.757	\$	0.728
USF Contribution @ 5.9%		•	•		\$	-
TOTAL		\$ 1.491	<u>\$</u>	3.987	\$	2.496

FOOTNOTES:

- 1) Except where indicated, average figures for payphone services are taken from the FCC's Third Report and Order, and average figures for inmate services are taken from available industry estimates.
- 2) Local service charges for payphone services include usage charges as estimated by the RBOC/GTE/SNET Coalition. Local service charges for inmate services are estimated based on analysis of ILEC tariffs.
- 3) Long distance usage based on a rate of \$.08 per minute with an additional minute added for a call answered and not accepted
- 4) Estimate based on review of LEC and clearinghouse fees
- 5) Payphone returns calculated at 11% and inmate returns at 15%
- 6) Commission % for payphone services is assumed to be equal to commission % for inmate services
- 7) Unbiliables for payphone services are estimated to be negligible. Estimated unbiliables for inmate services have increased from 3% to 5% since previous Commission filings
- 8) Uncollectibles for payphone services are based on estimate provided by clearinghouse
- 9) Flex ANI fees are included in Local Service Charge per-call calculations
- 10) Validation estimates based on estimated call completion ratios for payphone services and inmate services

Coinvs22.xls 5/5/00

INMATE SERVICE FEE - 12 Minute Interstate Call COST ANALYSIS - NC, SC, TN

			Pay Phone		Inmate
VARIABLES	1	Inters	tate Collect Call	Inter	state Collect Call
Local Service Charges	2	\$	31.00	\$	35.51
Flex-ANI Charge		\$	1.08	\$	1.08
Long Distance Charges (per call)	3	\$	0.32	\$	1.04
Number of Calls			439		268
Billing & Collection Fees	4	\$	0.18	\$	0.18
Maintenance		\$	18.90	\$	24.12
Equipment Depreciation		\$	12.73	\$	29.48
Overhead Total		\$	19.62	\$	59.96
Return (profit)	5	\$	15.31	\$	22.24
Commission %	6		30%		40%
Unbillables %	7		0%		5%
Uncollectibles %	8		2%		14%
USF Contribution %			5.9%		5.9%
Taxes					

		(1)	Pay Phone		(2) Inmate	Cost	Differential
		Interst	ate Collect Call	Inte	rstate Collect Call	(Ca	1 2- Col 1)
Local Service Charges	•	\$	0.073	\$	0.137	\$	0.063
Long Distance Charges		\$	0.320	\$	1.040	\$	0.720
Billing & Collection Fees		\$	0.180	\$	0.180	\$	-
Validation	10	\$	0.113	\$	0.170	\$	0.057
Maintenance & Repairs		\$	0.043	\$	0.090	\$	0.047
Equipment Depreciation		\$	0.029	\$	0.110	\$	0.081
Overhead		\$	0.045	\$	0.224	\$	0.179
Return (profit)		\$	0.035	\$	0.083	<u>\$</u>	0.048
Total Costs		<u>\$</u>	0.838	\$	2.033	<u>\$</u>	1.196
Commission @ 40%		\$	0.405	\$	2.317	\$	1.912
Unbiliables/Uncollectibles @ 2%/19%		\$	0.027	\$	1.101	\$	1.074
USF Contribution @ 5.9%		\$	0.080	\$	0.342	\$	0.262
TOTAL		\$	1.349	\$	5.793	\$	4.444

FOOTNOTES:

- 1) Except where indicated, average figures for payphone services are taken from the FCC's Third Report and Order, and average figures for inmate services are taken from available industry estimates.
- 2) Local service charges for payphone services include usage charges as estimated by the RBOC/GTE/SNET Coalition. Local service charges for inmate services are estimated based on analysis of ILEC tariffs.
- 3) Long distance usage based on a rate of \$.08 per minute with an additional minute added for a call answered and not accepted
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- 9) Flex ANI fees are included in Local Service Charge per-call calculations
- 10) Validation estimates based on estimated call completion ratios for payphone services and inmate services

UNMET GOALS OF SECTION 276 JEOPARDIZE BOTH THE INDUSTRY AND CONSUMERS

"We are unaware of any public policy reason why users of interstate operator services should be required to subsidize users of intrastate operator services."

Billed Party Preference for InterLATA 0+ Calls, CC Docket No. 92-77 Second Report and Order and Order on Reconsideration, FCC 98-9 Released January 29, 1998

To make up for losses on overall call traffic due to intrastate rate caps, the rate of interstate calls would need to be increased by \$13.47 to \$25.70.

NC/SC/TN Example:
Total Monthly Loss Per Line = \$175.17
\$175.17 divided by 13 Interstate Calls = \$13.47
Current AT&T Rate \$12.23 + \$13.47 = \$25.70

THE FCC MUST ACT NOW to ensure fair compensation for each and every intrastate and interstate call.

QUESTIONS ON THE OBJECTIVE OF CARRIERS OPPOSING A COST-BASED RATE MECHANISM

DOCKET NO: 96-126

COMMENTS

JUNE 21, 1999

"The level of commission required by the inmate facilities is the most critical single element in the establishment of rates."

Cincinnati Bell

Page 2

"These rates are established in a competitive market by nondominant carriers that have no cost support requirements."

MCI WorldCom, Inc.

Page 3

"...costs of serving a particular inmate facility...are negotiated as a matter of contract among the various parties...."

AT&T

Pages 1 & 2

"ANY COMMISSION INMATE RATE REGULATION SHOULD MIRROR THE LARGEST INTERSTATE CARRIERS' INMATE SURCHARGE AND MTS RATES."

Gateway Technologies, Inc. Page 7

AT&T

	INMATE	RATES	STANDARD COLLECT RATES		
DATE November 19, 1997	InterState Surcharge/ Per Minute Rate \$3.00 / \$.40	Total Cost of 12 Minute Call \$7.80	InterState Surcharge/ Per Minute Rate \$2.25 / \$.40	Total Cost of 12 Minute Call \$7.05	
October 17, 1998	\$3.00 / \$.45	\$8.40	\$2.25 / \$.45	\$7.65	
November 21, 1998	\$3.00/ \$.50	\$9.00	\$2.25 / \$.50	\$8.25	
March 1, 1999	\$3.00 / \$.55	\$9.60	\$3.45 / \$.55	\$10.05	
July 8, 1999	\$3.00 / \$.59	\$10.08	\$3.45 / \$.59	\$10.53	
July 22, 1999	\$3.95/ \$.59	\$11.03	\$3.45 / \$.59	\$10.53	
December 1, 1999	\$3.95 / \$.59	\$11.28	\$3.45 / \$.59	\$11.73	
March 1, 2000	\$3.95 / \$.69	\$12.23	\$4.99 / \$.69	\$13.27	
	4.95/.89	15,63	NOOF INCREA. N LAST TO YEARS.	ISE KREE	

ATET COMMUNICATIONS OF THE SOUTHERN STATES, INC. GENERAL SERVICES TARLET

SOUTH CAROLINA

ISSUED: June 14, 2000 BY: Leslie Buford-Tariff Administrator

EFFECTIVE: July 14. 2000 EIGHTH REVISED PAGE 1 CANCELS SEVENTE REVISED PAGE 1

All. MESSAGE TELECOMMUNICATIONS SERVICE

	Contents	Page	
A11.I	Application	1	
A11.2	General	. 1	
E.IIA	Two-Point Service 1 Service Between Telephones 2 Service Through Mobile Telephone Service Base Station	1 1 8	
A11.4.	AT&T Prison Collect With Controls Service 1 General	9	N
All.5.	Airline Mileage Between Rate Centers 1 General	12	
All.6.	Operator Busy Line Verification/Interruption Service 1 General	31 31 31 31	
All.7	Directory Assistance Service 1 General	32	

ATET COMMUNICATIONS OF THE SOUTHERN STATES, INC. GENERAL SERVICES TARIFF

SOUTH CAROLINA

ISSUED: June 14, 2000 BY: Leslie Buford-Tariff Administrator

EFFECTIVE: July 14, 2000 THIRD REVISED PAGE 9 CANCELS SECOND REVISED PAGE 9

All. MESSAGE TELECOMMUNICATION SERVICE

A11.4 ATET Prison Collect With Controls Service

All.4.1 General

AT&T Prison Collect with Controls Service is an AT&T Long Distance Service that permits immates to place collect calls originated over the AT&T network from authorized telephone numbers in a Prison Administration controlled environment. Telephones subscribed for this service may be controlled by the Prison Administration for one or more of the following:

> duration of call call blocking time of day number of calls placed per individual permission restrictions restriction lists

Prison Collect with Controls Service is available at prisons in the state of South Carolina.

Prison Collect with Controls Service includes Operator Station Collect calls placed to locations within the state of South Carolina. Prison Collect with Controls Service calls cannot be converted from a Collect call to a Calling Card call by the billed party.

All.4.2 Rates and Charges

Prison Collect with Controls Service includes usage charges and a Sorvice Charge per call, as follows:

Operator Station Collect

Service Charge per call

Transport usage rate Initial Period Additional Period	\$0.55 \$0.55
Service Charge per call	\$3.95

ATET COMMUNICATIONS OF THE SOUTHERN STATES, INC. GENERAL SERVICES TARIFF

SOUTH CAROLINA

ISBUED: June 14, 2000 EFFECTIVE: July 14, 2000 BY: Leslie Buford-Tariff Administrator ORIGINAL PAGE 9.1

All. MESSAGE TELECOMMUNICATION SERVICE

A11.4 AT&T Prison Collect With Controls Service (Con't)

All.4.3 Maximum Rates

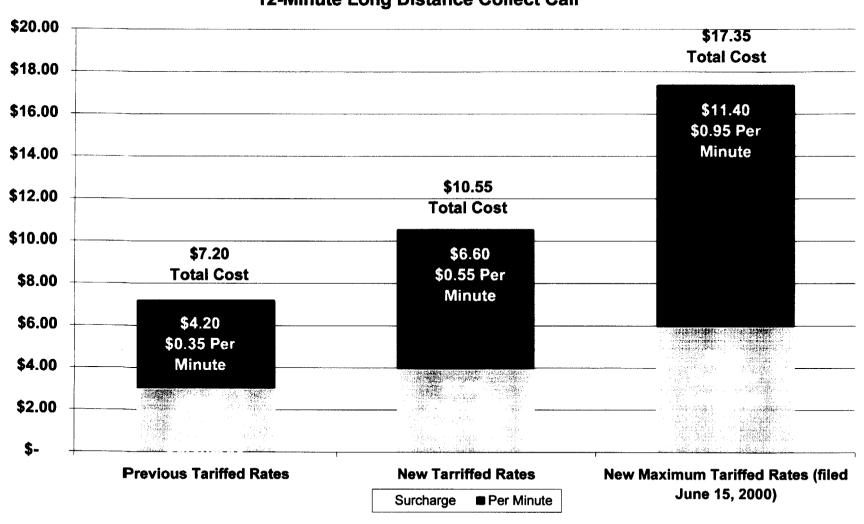
Maximum Rates and Charges

The maximum races and charges are as follows:

Class of Service	Rate Per Minute	Service Charge
Operator Station Collect		
Transport usage rate Initial Period Additional Period	\$0.95 \$0.95	\$5. 95 \$5.95

SOUTH CAROLINA AT&T PRISON-COLLECT RATES

New AT&T Tariff Filing, June 15 2000 12-Minute Long Distance Collect Call



Memo

To: Vince Townsend, President, Pay Tel Communications

From: Kevin Aker, Director of Regulatory Affairs, Pay Tel Communications

CC:

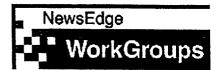
Date: 07/03/00

Re: AT&T Prison-Collect Rate Increase Study

Pursuant to your request for information this morning regarding recent tariff revision filings for AT&T Intra-State Prison-Collect with Controls tariffs, I have found the following recent rate increases:

California	\$3.95	Surcharge	\$0.59/min
Connecticut	\$3.95	Surcharge	\$0.69/min
Idaho	\$3.95	Surcharge	\$0.59/min
Kentucky	\$3.95	Surcharge	\$0.69/min
Michigan	\$3.95	Surcharge	\$0.69/min
Nebraska	\$3.95	Surcharge	\$0.49/min
New Hampshire	\$3.95	Surcharge	\$0.59/min
North Dakota	\$3.95	Surcharge	\$0.59/min
Rhode Island	\$3.95	Surcharge	\$0.59/min
South Carolina	\$3.95	Surcharge	\$0.55/min
Vermont	\$4.95	Surcharge	\$0.59/min
Wisconsin	\$3.95	Surcharge	\$0.59/min

This is an immediate cursory review of changes. I am continuing to investigate further, and I will most likely find other changes to add to this list. I hope to finish this review this week.



Inmates Sue Over High Phone Costs

July 10, 2000 12:00am Source: The Associated Press

INDIANAPOLIS - The Associated Press via NewsEdge Corporation: Inmates in seven states are suing over the high cost of making phone calls from prison.

They are challenging the deals under which a state or county government gets as much as 60 cents on the dollar from a telephone company that is given exclusive rights to handle all calls from behind bars.

AT&T Corp. spokesman Tom Hopkins said that the highinmate rates _ in Indiana, \$3.95 for the initial long-distance hookup, plus 69 cents a minute _ are necessary to pay for the accompanying security measures.

But critics consider the leasing commissions legalized kickbacks and point to Nebraska, where inmates' long-distance collect calls cost just 19 cents a minute while being subject to similar security controls.

"It's gouging and profiteering," said Stephen Seliger, a Chicago lawyer involved in class-action lawsuits against three states and Corrections Corp. of America, a company that runs 70 prisons nationwide.

Nashville-based CCA declined to comment.

Class-action lawsuits have been filed in Illinois, Indiana, Ohio, New Mexico, New York, New Hampshire and Wisconsin.

The contracts have become a significant source of revenue for states. Indiana took in \$6.3 million last year from all state pay phones, most of them in prisons. New York made \$25 million; California \$24 million; and Illinois \$12 million.

While some states, including Oregon, Florida and New York, require that at least some of the state's profits pay for inmate-related programs, others do not. The 53 percent cut of revenue that Indiana gets under its contract with AT&T goes into the state's general fund to pay for everything from renovations to the Statehouse to Y2K computer compliance.

Nebraska has never accepted commissions. It has a contract with Sprint that allows for the same security measures common in other states _ including prisoner ID numbers, pre-approved call lists and monitoring of the calls, all of which must be collect.

"We decided that we didn't want to make money at the expense of the inmates," said Steve King, a Nebraska Corrections Department spokesman.

In Indiana, 38-year-old Selena Kingsley racked up \$7,000 in phone bills during the four years her husband was imprisoned on drug charges. She said she still owes the phone company, and the costs ruined her financially.

"They espouse this theory of wanting to keep families together, and the only way we had to keep in contact was the telephone," she said. "The phone companies have got you. They know you'll accept the calls."

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THE MAGAZINE OF THE AMERICAN LAURASSOCIATION

IANUABY/FEBRUARY 2000 ≥



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